Foreign banks

546. SHRI RAJNATH SINGH 'SURYA': Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a number of foreign banks intend to close their operation in India;

(b) if so, reasons therefor alongwith their names;

(c) what was the reasons that foreign banks were allowed to operate in India; and

(d) what would be the implication of such banks pulling out of the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) While two Korean banks have closed down their Indian operations on their own, two other banks have merged their Indian operations and some existing foreign banks have closed or merged their branches as a part of their restructuring plans. There is no information with Reserve Bank of India (RBI) on the intention if any of any more foreign banks to close their operations in India.

(c) and (d) Banking Regulations Act empowers RBI to permit entry of foreign banks. These banks are allowed to operate in India because of the benefits derived in financing the export/import trade and to improve the economic and trade relations between the concerned countries. The decision to close Indian Operations rests with the foreign banks. It is however ensured by the RBI that all liabilities in India are fully met before the foreign banks close down their operations in India.